

Exhibit 9

Deposition Excerpts of Lynne Taylor
May 17, 2012

1 UNITED STATES DISTRICT COURT
2 DISTRICT OF SOUTH CAROLINA
3 CHARLESTON DIVISION
4

5 _____)
6 ELISABETH LENES and STEVEN)
7 LENES,)

8 Plaintiffs,)

9 vs.)

CASE NO. 2:10-cv-316-RMG

10 LORAL LANGEMEIER,)

11 Defendant.)
12 _____)
13
14
15

16 VIDEOTAPED DEPOSITION OF LYNNE TAYLOR

17 San Diego, California

18 Thursday, May 17, 2012

19 Volume I
20
21

22 Reported by:

23 ELAINE SMITH

24 CSR No. 5421
25

26	28
<p>1 that same -- well, first of all, did the metrics that 09:19:53</p> <p>2 you reviewed seem to be pretty consistent in that, 09:19:56</p> <p>3 for instance, the rent was always too high as a 09:20:00</p> <p>4 percent of sales, the help was too high as a percent 09:20:04</p> <p>5 of sales, et cetera? 09:20:07</p> <p>6 A Yes. 09:20:08</p> <p>7 Q So it hadn't been a recent phenomena. It 09:20:09</p> <p>8 appears to have been consistent? 09:20:13</p> <p>9 A No. If you go through the memo itself, back 09:20:14</p> <p>10 even to 2004, when David first opened Cafe Z in Marin 09:20:19</p> <p>11 County, it had never been profitable, ever. So 09:20:24</p> <p>12 everything was -- it was a pattern. 09:20:30</p> <p>13 Q All right. So would it be your -- is it 09:20:32</p> <p>14 your conclusion, then, that the failure of these Z 09:20:35</p> <p>15 Restaurants was inevitable, based on the way they 09:20:38</p> <p>16 were operating? 09:20:42</p> <p>17 A Yeah. Probably. 09:20:45</p> <p>18 Q What position did Ms. Langemeier hold with 09:20:47</p> <p>19 the Z Restaurants? 09:20:53</p> <p>20 A She was a prom note-holder in the Cafe Z 09:20:57</p> <p>21 restaurant. 09:21:00</p> <p>22 Q "Prom note," you mean promissory note? 09:21:00</p> <p>23 A Promissory note, exactly. 09:21:06</p> <p>24 Q Did she -- was she ever on any board of 09:21:07</p> <p>25 directors or management committee? 09:21:11</p>	<p>1 operations, but as far as putting forth, you know, 09:22:34</p> <p>2 the concept of the Z Restaurant Group and Harvard, 09:22:37</p> <p>3 you know, the Z Harvard Square business entity that 09:22:45</p> <p>4 was planned, they did, they represented it 09:22:51</p> <p>5 adequately, I thought. It was prepared by attorneys, 09:22:54</p> <p>6 and it looked like a PPM. 09:22:57</p> <p>7 Q Did you see any evidence that due diligence 09:23:01</p> <p>8 had been performed into the financial metrics that 09:23:03</p> <p>9 would have notified an investor that if the 09:23:08</p> <p>10 restaurants were run as the California restaurants 09:23:11</p> <p>11 had been run, that financial failure was inevitable? 09:23:14</p> <p>12 A I didn't see any due diligence done at all. 09:23:19</p> <p>13 I didn't see any evidence of due diligence done at 09:23:21</p> <p>14 all. 09:23:23</p> <p>15 Q Did you ever receive any information that 09:23:29</p> <p>16 Ms. Langemeier herself touted the Z Restaurants as a 09:23:31</p> <p>17 good investment? 09:23:36</p> <p>18 A I didn't. I wasn't -- I didn't participate 09:23:36</p> <p>19 in Big Tables. I never attended a Big Table, so I 09:23:41</p> <p>20 was completely out of that. 09:23:44</p> <p>21 Q So you don't know one way or the other? 09:23:45</p> <p>22 A No, I don't. 09:23:47</p> <p>23 MR. BURNS: I don't know if these have been 09:24:03</p> <p>24 shuffled in any order, so they may be coming in an 09:24:08</p> <p>25 order that doesn't make much sense, but let's go to 09:24:12</p>
27	29
<p>1 A Not -- not until we -- myself, Mark, Frank 09:21:13</p> <p>2 Mangiochetti and, you know, the group that came in 09:21:16</p> <p>3 to take over from David, you know, not until that 09:21:19</p> <p>4 happened. So she had never had any management role 09:21:22</p> <p>5 before that. 09:21:25</p> <p>6 Q Okay. Did she have any ownership role -- 09:21:26</p> <p>7 any ownership interest in the management company that 09:21:30</p> <p>8 oversaw the restaurant? 09:21:34</p> <p>9 A No. It was purely David, the ZRG. ZRG 09:21:36</p> <p>10 Group you're talking about, right? 09:21:41</p> <p>11 Q Did you discover that the Z Restaurant -- 09:21:47</p> <p>12 investments in the Z Restaurants had been offered to 09:21:52</p> <p>13 people who participated in Loral Langemeier's Big 09:21:55</p> <p>14 Table? 09:21:59</p> <p>15 A Yes. 09:22:03</p> <p>16 Q Did you see any of the offering documents 09:22:03</p> <p>17 that were given to those people? 09:22:06</p> <p>18 A Later on I did. I looked at them, yes. 09:22:08</p> <p>19 Q Did those offering documents do an adequate 09:22:12</p> <p>20 or accurate job in explaining the financial situation 09:22:16</p> <p>21 that you discovered when you went there in October of 09:22:19</p> <p>22 '08? 09:22:21</p> <p>23 A They did not describe Cafe Z at all and the 09:22:22</p> <p>24 performance of Cafe Z, which was the only historical 09:22:27</p> <p>25 information, you know, regarding restaurant 09:22:33</p>	<p>1 this one next. 09:24:15</p> <p>2 (Exhibit 4 was marked for identification by</p> <p>3 the court reporter and is attached hereto.)</p> <p>4 BY MR. BURNS: 09:24:21</p> <p>5 Q Let me show you what we're going to mark as 09:24:21</p> <p>6 No. 4 to your deposition, which is a -- it's called 09:24:23</p> <p>7 "Your Consumer Complaint" up at the top. 09:24:31</p> <p>8 A Right. 09:24:35</p> <p>9 Q And it's dated March 2nd, 2010. 09:24:36</p> <p>10 A Yes. 09:24:39</p> <p>11 Q Do you recognize this document? 09:24:41</p> <p>12 A Yes. I authored it. 09:24:43</p> <p>13 Q And what was the reason that you authored 09:24:50</p> <p>14 this item? 09:24:54</p> <p>15 A You know, I can't recall exactly if Loral 09:24:55</p> <p>16 texted me or Chris texted me, but somebody told me 09:25:02</p> <p>17 that there was something on the web about Loral's 09:25:07</p> <p>18 money expert, so I went and read the consumer 09:25:11</p> <p>19 complaint that John Hood -- it was authored by John 09:25:15</p> <p>20 Hood, and it just seemed erroneous to me. 09:25:18</p> <p>21 So I wrote what I knew of the -- you know, 09:25:24</p> <p>22 the investments, because I had done pretty much the 09:25:32</p> <p>23 forensic accounting, gone in and looked at the books 09:25:39</p> <p>24 for each one of the items that were named, each one 09:25:42</p> <p>25 of the entities that were named. 09:25:45</p>

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1	Q	Did you ever see any evidence that Loral	10:21:18	1	flows in and out. So...	10:23:54	
2		Langemeier received either founder's stock, carried	10:21:19	2	Q	Did you come to the conclusion that	10:23:57
3		interest or some equity or interest in a company for	10:21:25	3		Mr. Pearson was conducting some illegal activity?	10:23:58
4		which she didn't pay money in order to let them	10:21:30	4	A	It sure seemed like that to me. But, you	10:24:03
5		present at the Big Table?	10:21:34	5		know, it's my -- I'm not a lawyer.	10:24:05
6	A	No, because I had no -- everything was tied	10:21:36	6	Q	All right. You were so concerned that you	10:24:09
7		out to what, you know, cash that she actually paid	10:21:40	7		contacted a criminal lawyer for your own behalf?	10:24:11
8		for her investment. So anything that was stock or,	10:21:44	8	A	Yes, I did.	10:24:13
9		you know, something that -- I mean, we had no	10:21:47	9	Q	Did you ever make any report to any law	10:24:15
10		evidence for that. We had no way to book it or no	10:21:52	10		enforcement agency that Mr. Pearson was operating	10:24:17
11		evidence for it. So nothing -- nothing went on her	10:21:56	11		illegally?	10:24:20
12		balance sheet that was anything like that. So...	10:21:59	12	A	No, I didn't.	10:24:21
13	Q	So that means if she owned such a thing, it	10:22:01	13	Q	Did you report your concerns about the	10:24:21
14		wasn't on her balance sheet?	10:22:07	14		illegalities to Ms. Langemeier?	10:24:24
15	A	I don't know.	10:22:09	15	A	Yes. Oh, yes.	10:24:27
16	Q	Is that what you're saying?	10:22:09	16	Q	Do you know if she or anyone in her	10:24:29
17		MR. LITTLE: Objection.	10:22:10	17		organization ever reported Mr. Pearson to any law	10:24:30
18		THE WITNESS: I don't --	10:22:12	18		enforcement agency?	10:24:33
19		MR. LITTLE: Hold on a second. Hold on a	10:22:13	19	A	I don't know. I don't -- I don't know.	10:24:34
20		second. Objection. Assumes facts not in evidence.	10:22:13	20	Q	Did people who were introduced to	10:24:41
21		Lack of foundation. Mischaracterizes testimony.	10:22:15	21		Mr. Pearson through Loral Langemeier's Big Table lose	10:24:43
22		You can answer.	10:22:19	22		money?	10:24:47
23		THE WITNESS: I had -- I never saw anything	10:22:23	23	A	With Jay?	10:24:48
24		where she owned anything in anything that she didn't	10:22:24	24	Q	Yes.	10:24:49
25		actually pay for.	10:22:28	25	A	It -- he was continuing to be ongoing when I	10:24:51

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1	BY MR. BURNS:	10:22:29	1		ended, you know, so I'm not sure, but it sure seemed	10:24:55	
2	Q	Okay. Let me ask you about the -- something	10:22:32	2		like it. I mean, he didn't have -- he didn't have a	10:24:59
3		called Crysalis Business Systems, LLC,	10:22:37	3		way to pay, and it sure seemed like that money was	10:25:04
4		C-R-Y-S-A-L-I-S.	10:22:39	4		gone. So...	10:25:07
5	A	Never even heard of that one.	10:22:43	5	Q	Did you conclude that he was diverting money	10:25:09
6	Q	Did you have any financial or other	10:22:45	6		out of IRA accounts illegally?	10:25:12
7		information about Clear Zone Nursery?	10:22:47	7	A	It sure seemed like it.	10:25:17
8	A	Clear Zone. Yes, that was a day care sort	10:22:49	8	Q	And were these IRA accounts accounts that	10:25:22
9		of thing. Uh-huh, yes.	10:22:51	9		belonged to Ms. Langemeier's clients?	10:25:25
10	Q	And what do you know about Clear Zone?	10:22:54	10	A	I'm sure some of them were. Yes, some of	10:25:27
11	A	Well, I wrote a memo about all of Jay -- and	10:22:58	11		them were. In fact, some of them were Loral's and	10:25:31
12		actually went to Alexandria, Louisiana, where Clear	10:23:02	12		her children's.	10:25:35
13		Zone is located, the business of Clear Zone.	10:23:07	13	Q	Did you see any evidence Ms. Langemeier	10:25:36
14	Q	That's Jay Pearson?	10:23:10	14		notified her clients that had been clients of	10:25:42
15	A	Uh-huh. And actually Bill Luckey from Lee	10:23:11	15		Mr. Pearson of this irregularity?	10:25:44
16		Financial went with me on the first trip. And then	10:23:14	16	A	Well, we had calls with them about our	10:25:48
17		Richie Lee actually came with us on the second trip	10:23:18	17		concerns so -- and were trying to do something about	10:25:51
18		because Jay was -- Jay was quite a -- Jay had quite a	10:23:22	18		it, but --	10:25:58
19		lot going on.	10:23:28	19	Q	Was that with all of the clients?	10:25:59
20		So, you know, Clear Zone was one of his	10:23:29	20	A	Well, everybody that, you know, we knew,	10:26:00
21		entities. He had -- I believe he had the Crumbs ones	10:23:36	21		everybody that was asking questions about what's	10:26:03
22		and Gray Walk and his IRA thing, whatever. That was	10:23:38	22		going on with our --	10:26:06
23		his -- kind of his cash cow. But I wrote a memo	10:23:45	23	Q	Mr. Pearson ran an outfit called Entrust,	10:26:08
24		about all of those and how they operated, and we did	10:23:49	24		E-N-T-R-U-S-T?	10:26:12
25		a forensic accounting of those books as well, cash	10:23:52	25	A	Yes, that's right.	10:26:13

94	96
<p>1 is the side letter agreement as referred to in the 11:05:03</p> <p>2 note that is held by each of you as executed as of 11:05:07</p> <p>3 this day." 11:05:10</p> <p>4 Do you know what note is being referred to 11:05:11</p> <p>5 by this letter? 11:05:18</p> <p>6 A Yes. Loral had -- Loral had invested -- not 11:05:21</p> <p>7 invested. She had given David money to open Cafe Z. 11:05:25</p> <p>8 Q As of February 10, 2005, do you know what 11:05:31</p> <p>9 the amount of any note she held was? 11:05:35</p> <p>10 A You know, I want to say it's in the 50- to 11:05:39</p> <p>11 \$100,000 range. I can't -- I can't remember exactly, 11:05:42</p> <p>12 but I think it was in that range. 11:05:45</p> <p>13 Q Okay. Do you know if she actually turned 11:05:47</p> <p>14 over cash in an equivalent amount of the note? 11:05:54</p> <p>15 A Did she give him cash? 11:06:01</p> <p>16 Q Right. 11:06:05</p> <p>17 A Yeah. Uh-huh, yeah. It's -- yeah. 11:06:05</p> <p>18 Q So whatever -- whatever note you saw, you 11:06:06</p> <p>19 saw evidence that a cash payment was made -- 11:06:08</p> <p>20 A Yes. 11:06:11</p> <p>21 Q -- in an -- 11:06:11</p> <p>22 A Yes. 11:06:12</p> <p>23 Q -- in that amount? 11:06:13</p> <p>24 A Uh-huh, yes, that cleared her bank. Yes, 11:06:14</p> <p>25 exactly. 11:06:17</p>	<p>1 in accordance with and subsequent to your review and 11:07:39</p> <p>2 acceptance of the Cafe Z" -- 11:07:42</p> <p>3 Is it Epicerie? 11:07:45</p> <p>4 A Epicerie. 11:07:47</p> <p>5 Q -- "Epicerie 2005 business plan." 11:07:49</p> <p>6 Did you ever see such a business plan? 11:07:50</p> <p>7 A No. I would have loved to, though. 11:07:53</p> <p>8 Q It says, "Each of you will receive a ten 11:07:56</p> <p>9 percent ownership share in SGBD Restaurant I, LLC, 11:07:58</p> <p>10 and will be entitled to a pari passu sweep of all net 11:08:03</p> <p>11 cash flow." 11:08:08</p> <p>12 Do you know if that ever happened? 11:08:10</p> <p>13 A No way. They never made any money. Cafe Z 11:08:12</p> <p>14 never made any money. 11:08:16</p> <p>15 Q Was it -- from what you saw -- you went 11:08:18</p> <p>16 there in 2009 or '8? 11:08:20</p> <p>17 A Cafe Z. Cafe Z was -- Cafe Z was in Marin, 11:08:22</p> <p>18 so it was close to -- I actually had my husband go in 11:08:26</p> <p>19 there and take a look at it too. 11:08:30</p> <p>20 Q I mean, when you went to Boston -- 11:08:33</p> <p>21 A Yes, that was in 2008. 11:08:35</p> <p>22 Q 2008. 11:08:38</p> <p>23 A Yes. This is when we first came, really, 11:08:38</p> <p>24 into the -- 11:08:40</p> <p>25 Q Was this Marin restaurant that's being -- 11:08:42</p>
95	97
<p>1 Q Now, this says that, in paragraph 1, "In the 11:06:18</p> <p>2 event that you each choose to convert your note 11:06:22</p> <p>3 balance into equity into SGBD Restaurant I, LLC." 11:06:26</p> <p>4 Do you know what SGBD Restaurant I, LLC, is? 11:06:34</p> <p>5 A Yeah. That was the legal -- that was the 11:06:40</p> <p>6 legal entity that was the holder, you know, d/b/a 11:06:41</p> <p>7 Cafe Z Restaurant, Cafe Z Epicerie. 11:06:44</p> <p>8 Q Okay. 11:06:50</p> <p>9 A In other words, the tax returns were 11:06:50</p> <p>10 prepared under the name SGBD Restaurant I, LLC. 11:06:52</p> <p>11 Q Did you -- did you know that Ms. Langemeier 11:06:57</p> <p>12 had the right to convert her note into equity in that 11:06:59</p> <p>13 restaurant? 11:07:02</p> <p>14 A I did not. I didn't know -- yeah. I didn't 11:07:03</p> <p>15 know any -- any of the investors did, and I never saw 11:07:05</p> <p>16 this guy's name on the books. 11:07:08</p> <p>17 Q Do you know if Ms. Langemeier, therefore, 11:07:11</p> <p>18 had some rights or privileges that were not extended 11:07:14</p> <p>19 to other noteholders? 11:07:19</p> <p>20 A No, I don't know that. I don't know if 11:07:20</p> <p>21 this -- you know, if this same letter was sent to 11:07:22</p> <p>22 other people. There were other noteholders, though. 11:07:25</p> <p>23 Q Okay. And then it goes on to say, "If one 11:07:29</p> <p>24 or both of you choose to convert your note balance 11:07:31</p> <p>25 into equity," in paragraph 2, "such election shall be 11:07:35</p>	<p>1 was that the restaurant that was in existence in 11:08:45</p> <p>2 2005? 11:08:48</p> <p>3 A Yes. 11:08:49</p> <p>4 Q Was there any other restaurant affiliated 11:08:51</p> <p>5 with the Z entities -- 11:08:53</p> <p>6 A No. 11:08:55</p> <p>7 Q -- in 2005? 11:08:55</p> <p>8 A No. In fact, this one -- 2004, 2005, 2006. 11:08:56</p> <p>9 I think it was 2006 when David got the -- you know, 11:09:01</p> <p>10 the hair to go back to Boston and do this, because he 11:09:05</p> <p>11 went to school there or something. 11:09:08</p> <p>12 Q Did you -- did you see from your '08 review 11:09:11</p> <p>13 that none of the restaurants had ever been 11:09:14</p> <p>14 profitable, including this one in Marin? 11:09:17</p> <p>15 A Yes. That's what that executive memo points 11:09:19</p> <p>16 out. 11:09:22</p> <p>17 Q So if somebody would have looked at the 11:09:22</p> <p>18 books of the Marin restaurant back in 2005, they 11:09:25</p> <p>19 could have told it was not profitable? 11:09:29</p> <p>20 A Absolutely, uh-huh. 11:09:32</p> <p>21 Q Okay. 11:09:41</p> <p>22 A And because -- here's the deal. They never 11:09:42</p> <p>23 got any K-1s because -- so nobody ever had a clue how 11:09:44</p> <p>24 it was really doing, because it was all notes. 11:09:52</p> <p>25 Everything on the books of Cafe Z was notes. 11:09:55</p>

25 (Pages 94 to 97)

<p style="text-align: right;">158</p> <p>1 A Apparently. 12:32:22</p> <p>2 Q Did you ever receive any communication from 12:33:17</p> <p>3 any Live Out Loud Big Table investors that they felt 12:33:19</p> <p>4 that the investments that they were exposed to 12:33:24</p> <p>5 through Loral Langemeier and her seminar programs and 12:33:28</p> <p>6 telephone call-in programs, et cetera, were 12:33:36</p> <p>7 essentially programs that were endorsed by Loral 12:33:40</p> <p>8 Langemeier? 12:33:43</p> <p>9 MR. LITTLE: Objection. Assumes facts not 12:33:44</p> <p>10 in evidence. 12:33:46</p> <p>11 You can answer. 12:33:46</p> <p>12 THE WITNESS: Did I ever receive e-mails 12:33:49</p> <p>13 from people? 12:33:50</p> <p>14 BY MR. BURNS: 12:33:52</p> <p>15 Q Yeah. Any communications from anybody that 12:33:52</p> <p>16 said, listen, I bought this stuff because Loral 12:33:53</p> <p>17 Langemeier was part of presenting it? 12:33:56</p> <p>18 A Yeah. People said that all the time. 12:33:59</p> <p>19 Q Okay. So was that a pretty consistent sort 12:34:01</p> <p>20 of observation that the participants in these Big 12:34:07</p> <p>21 Tables were making to you? 12:34:10</p> <p>22 A Consistent? Well, that's what they 12:34:13</p> <p>23 believed. 12:34:17</p> <p>24 Q Okay. So a lot of people came to the 12:34:18</p> <p>25 conclusion that Loral Langemeier was giving these 12:34:19</p>	<p style="text-align: right;">160</p> <p>1 communications, these investors express their opinion 12:35:15</p> <p>2 that the investments they had made came with a Loral 12:35:18</p> <p>3 Langemeier recommendation? 12:35:22</p> <p>4 A Well, how many times? Whenever they -- they 12:35:26</p> <p>5 certainly -- every time they would write -- because I 12:35:33</p> <p>6 didn't really talk to them much on the phone, but 12:35:38</p> <p>7 every time they would write, at least initially, the 12:35:41</p> <p>8 first time, I always heard it. They never expressed 12:35:43</p> <p>9 an opinion that maybe they shouldn't have been such a 12:35:48</p> <p>10 lemming and followed somebody blindly down some path 12:35:53</p> <p>11 without checking it out themselves. They never took 12:35:56</p> <p>12 responsibility and accountability for their own 12:36:00</p> <p>13 actions. So let's say that's always the case. 12:36:02</p> <p>14 Q Okay. So and these -- these lemmings were 12:36:05</p> <p>15 ones that also paid Loral Langemeier 15- or \$20,000 12:36:08</p> <p>16 to attend the Big Table; is that correct? 12:36:10</p> <p>17 A Yeah. 12:36:14</p> <p>18 Q Okay. Did you think that was acting like a 12:36:14</p> <p>19 lemming to begin with? 12:36:16</p> <p>20 A I thought it was crazy. 12:36:17</p> <p>21 Q Okay. 12:36:19</p> <p>22 A I wouldn't do it. 12:36:20</p> <p>23 Q All right. All right. 12:36:22</p> <p>24 A But people do. 12:36:23</p> <p>25 Q I think -- I might suggest we're going to 12:37:07</p>
<p style="text-align: right;">159</p> <p>1 investments her seal of approval? 12:34:22</p> <p>2 MR. LITTLE: Objection. Lack of foundation. 12:34:25</p> <p>3 Assumes facts not in evidence. 12:34:28</p> <p>4 You can answer. 12:34:29</p> <p>5 BY MR. BURNS: 12:34:30</p> <p>6 Q Is that a fair statement? 12:34:30</p> <p>7 A They felt like that. 12:34:31</p> <p>8 MR. LITTLE: Same objection. 12:34:32</p> <p>9 BY MR. BURNS: 12:34:34</p> <p>10 Q So the investors with whom you talked 12:34:35</p> <p>11 expressed their opinion that whatever was said at 12:34:39</p> <p>12 these seminars or on these phone calls was said in 12:34:46</p> <p>13 such a way that they believed the investment carried 12:34:50</p> <p>14 a Loral Langemeier recommendation; is that correct? 12:34:52</p> <p>15 MR. LITTLE: Objection. Assumes facts not 12:34:57</p> <p>16 in evidence. Lack of foundation. 12:34:58</p> <p>17 THE WITNESS: That's what they thought. 12:35:01</p> <p>18 BY MR. BURNS: 12:35:03</p> <p>19 Q Okay. And you weren't there -- 12:35:03</p> <p>20 A I wasn't there. 12:35:05</p> <p>21 Q -- to witness what was said and how it was 12:35:06</p> <p>22 said; is that correct? 12:35:08</p> <p>23 A No. 12:35:10</p> <p>24 Q How many times did you hear, either 12:35:10</p> <p>25 personally or through e-mails or any other 12:35:12</p>	<p style="text-align: right;">161</p> <p>1 take a short lunch break. And that would give us a 12:37:10</p> <p>2 chance also to go through these remaining documents 12:37:19</p> <p>3 and organize them and maybe save us a little time 12:37:21</p> <p>4 down the road. 12:37:24</p> <p>5 A Okay. 12:37:24</p> <p>6 MR. LITTLE: Are we off the record? 12:37:25</p> <p>7 THE VIDEOGRAPHER: This marks the end of 12:37:27</p> <p>8 Media No. 2 of the deposition of Lynne Taylor. We're 12:37:28</p> <p>9 off the record at 12:37 p.m. 12:37:31</p> <p>10 (Recess.) 12:37:33</p> <p>11 THE VIDEOGRAPHER: We're on the record at 01:43:54</p> <p>12 1:44 p.m. And this marks the beginning of Media 01:43:56</p> <p>13 No. 3 of the deposition of Lynne Taylor. 01:44:00</p> <p>14 BY MR. BURNS: 01:44:02</p> <p>15 Q Did you discuss this case during lunch at 01:44:05</p> <p>16 all? 01:44:09</p> <p>17 A Yes. 01:44:10</p> <p>18 Q And with whom? 01:44:10</p> <p>19 A With Mitch. 01:44:12</p> <p>20 Q And what did you and Mitch talk about? 01:44:13</p> <p>21 A The line of questioning, I guess. 01:44:18</p> <p>22 Q What was the line of questioning? 01:44:20</p> <p>23 A It was just my confusion about -- primarily 01:44:24</p> <p>24 my confusion about the things that we're going over 01:44:27</p> <p>25 that I don't know a lot about and not -- and not a 01:44:30</p>

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1	into what company did that revenue flow?	01:53:41	1	McMillan or whoever. I mean, it -- it seems to be	01:56:01
2	A Probably Live Out Loud. At the time, I	01:53:44	2	kind of in the ballpark.	01:56:05
3	think had we had Choice Performance, so they may --	01:53:49	3	Q Okay. But what you're telling me is at this	01:56:07
4	it may have come into Choice Performance.	01:53:51	4	point your conjecture; is that correct?	01:56:13
5	Q Did you see any evidence from any of those	01:53:54	5	A Yeah. I mean, it would just be my	01:56:16
6	entities that they had paid for a ghostwriter?	01:53:56	6	assumption that that's the way Loral got it done,	01:56:18
7	A I may have.	01:54:05	7	because -- did I ever see her sitting down and	01:56:22
8	Q Did you ever see any disclosure made by	01:54:12	8	penning something out or typing on the computer to do	01:56:25
9	Ms. Langemeier to anybody that she had not, in fact,	01:54:14	9	a book? No.	01:56:28
10	herself written the books?	01:54:19	10	Q You want to help Loral in this case to the	01:56:40
11	A No. I mean, they were her books. They were	01:54:24	11	extent you can, don't you?	01:56:43
12	her ideas. She was -- you know, nobody was writing	01:54:26	12	A I want to tell the truth.	01:56:44
13	them down for her.	01:54:30	13	Q Do you feel like you have a loyalty to her?	01:56:47
14	Q How do you know they were her ideas?	01:54:32	14	A Not now. I mean, I did when --	01:56:50
15	A Well, she had sessions with them where she	01:54:35	15	Q Do you like her?	01:56:51
16	told them, you know, what she wrote.	01:54:37	16	A -- I was working for her.	01:56:51
17	Q How do you know that?	01:54:40	17	Yeah, sure, I like her.	01:56:54
18	A Because she told me.	01:54:41	18	Q Okay. Let me show you what we're going to	01:56:57
19	Q So she did tell you she had a ghostwriter?	01:54:42	19	mark as No. 22.	01:57:04
20	A Well, yeah. I mean, that's how she got the	01:54:46	20	(Exhibit 22 was marked for identification by	
21	books done.	01:54:48	21	the court reporter and is attached hereto.)	
22	Q I thought -- I thought when we started this	01:54:49	22	BY MR. BURNS:	01:57:07
23	I asked you if she had mentioned to you that she had	01:54:51	23	Q These are a series of e-mails back in 2006,	01:57:39
24	a ghostwriter and you said no?	01:54:53	24	and on the last page of this e-mail chain, which is	01:57:43
25	A She may have. I mean, that's how I would	01:54:58	25	on Bates No. 14227, an e-mail from Loral Langemeier	01:57:49
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1	assume that she got the books done.	01:54:59	1	with a subject of "Urgent help Tina will be calling	01:58:00
2	Q So her sitting down and having a session	01:55:02	2	you," and it says, "Hey team, We need your help. You	01:58:04
3	where she's telling the people what to write, you're	01:55:03	3	all know we are spending a ton of money on the book	01:58:08
4	just assuming that happened?	01:55:08	4	launch, and so the way orders need to be placed	01:58:11
5	A Yeah.	01:55:09	5	requires MC for MasterCard/Visa - not Amex. Given	01:58:15
6	Q She never told you that?	01:55:10	6	that I'm an Amex girl, this is a problem. So Tina	01:58:21
7	A She may have. I remember it -- not for this	01:55:11	7	will call to further explain we need CCRD as a credit	01:58:25
8	one, but for the next series of books, that's exactly	01:55:13	8	card to run book orders and we will certify or wire	01:58:29
9	the arrangement that she did for the next book that	01:55:16	9	the replacement money same day, Friday. Can you	01:58:33
10	she was doing when I was working with her.	01:55:19	10	help? We need 5 to 10K limits or more per card."	01:58:36
11	Q Okay. So my question was, to go back to	01:55:21	11	Did I read that correctly?	01:58:42
12	that, when you were working with her, did you see any	01:55:22	12	A Yeah.	01:58:44
13	payments being made to ghostwriters?	01:55:27	13	Q Do you see from this that Ms. Langemeier is	01:58:46
14	A She had a contract with somebody that does	01:55:29	14	asking people to send credit card information so that	01:58:50
15	that, yes.	01:55:34	15	they can buy her books and be reimbursed by her?	01:58:53
16	Q Do you know who that was?	01:55:35	16	A Yeah, absolutely. That's standard.	01:58:56
17	A No, I don't remember. No.	01:55:37	17	Q And did that happen when you worked for	01:58:58
18	Q Do you remember if the payment she was	01:55:39	18	Ms. Langemeier?	01:59:00
19	making to the ghostwriter that was involved when you	01:55:40	19	A Yes. Before you can get on the best seller	01:59:02
20	were there was more or less than the \$70,000	01:55:43	20	list, that's how everybody promotes their books.	01:59:04
21	apparently she had paid to Ms. Sherman?	01:55:47	21	Q How many people do you know have actually	01:59:07
22	A I don't know. I think it's standard,	01:55:50	22	purchased the books themselves by reimbursing friends	01:59:10
23	though. I mean, you know, it's whatever you can	01:55:53	23	in order to get on the best seller list?	01:59:14
24	negotiate. I have a friend who writes books, and she	01:55:55	24	A Purchasing the books themselves and	01:59:17
25	gets a \$35,000 advance from, you know, whoever.	01:55:59	25	reimbursing?	01:59:19

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1	Q	You would agree that Ms. Langemeier	01:59:21
2		basically is buying these books herself? She's	01:59:23
3		having friends do it and then she's reimbursing them?	01:59:26
4	A	Yeah. That's how you get on the best	01:59:29
5		seller's list, yeah.	01:59:31
6	Q	And you say that's the way you do it. Who	01:59:31
7		else do you know has done that to get on the best	01:59:32
8		seller list?	01:59:36
9	A	Well, I have a friend, like I said, who	01:59:36
10		writes, who's written -- this is her third book, and	01:59:38
11		that's what she does. I mean, if she wants to get	01:59:39
12		out there, then --	01:59:42
13	Q	And who is this?	01:59:44
14	A	She's a woman in LA that writes books about	01:59:44
15		physical therapy in the water, water power workout	01:59:50
16		and that kind of thing.	01:59:51
17	Q	And what's her name?	01:59:52
18	A	Lynda Huey. And that's -- it's standard to	01:59:54
19		do that. There's nothing --	01:59:57
20	Q	And then you have heard from Ms. Huey that	01:59:59
21		it's standard in the business that you -- that	02:00:01
22		authors of books use friends to buy large amounts of	02:00:05
23		the books and then reimburse them in order to get on	02:00:10
24		the best seller list?	02:00:15
25	A	Yeah. That's -- I think it's a common thing	02:00:17

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1		in the book industry, book world.	02:00:19
2	Q	Do you have any -- other than your	02:00:21
3		conversations with Ms. Huey, any other sources of	02:00:22
4		information about what is common in the book world?	02:00:25
5	A	No. She's like, you know, the most -- you	02:00:28
6		know, the author that I know, but she's worked with	02:00:30
7		lots of authors, and that's what they do. Is that an	02:00:33
8		unusual thing?	02:00:39
9	Q	When did Ms. Huey first tell you that that	02:00:40
10		was a common practice?	02:00:42
11	A	Oh, she and I have been friends for over 20	02:00:44
12		years now.	02:00:47
13	Q	And has she been writing books all that	02:00:47
14		time?	02:00:51
15	A	Yeah. She -- yeah.	02:00:51
16	Q	So when Ms. Langemeier was engaging in this	02:00:53
17		practice of buying her own books through friends, you	02:00:59
18		thought that was normal?	02:01:02
19	A	Yeah. I don't see anything wrong with it.	02:01:04
20		It's hard -- it's hard to -- you know, especially	02:01:06
21		nowadays, when you're, you know, competing with	02:01:10
22		Kindles and everything, it's hard to get, you know,	02:01:12
23		book sales, like millions and millions of book copies	02:01:15
24		sold, just like it is with record sales.	02:01:20
25	Q	You believe, don't you, that Kindle sales	02:01:22

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1		count toward the best seller list?	02:01:24
2	A	Absolutely. Yeah.	02:01:27
3	Q	Okay. So you said it's difficult in these	02:01:27
4		days with Kindle. But whether it's sold on a Kindle	02:01:29
5		or whether it's sold in a hardbound is --	02:01:33
6	A	Right.	02:01:36
7	Q	-- the same --	02:01:36
8	A	But getting one person and this person and	02:01:36
9		this person and this person, you know, to do it, it's	02:01:39
10		hard.	02:01:42
11	Q	Okay. So rather than rely on a book	02:01:42
12		surviving under its own merits, people game the	02:01:46
13		system?	02:01:50
14	A	Well --	02:01:52
15		MR. LITTLE: Objection. Argumentative.	02:01:53
16		BY MR. BURNS:	02:01:55
17	Q	Is that --	02:01:55
18	A	I don't know. I don't know if I'd call it	02:01:55
19		gaming the system, but, you know, I would say that	02:01:56
20		the way the New York Times and the best seller lists	02:02:01
21		are set up almost like requires it.	02:02:03
22	Q	The New York Times requires people to buy	02:02:08
23		their own books?	02:02:10
24	A	Well, the way the whole system is set up and	02:02:11
25		to -- you know, to reach a certain number of sales	02:02:13

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1		to -- and how they -- what kind of sales count is,	02:02:18
2		you know, it's --	02:02:24
3	Q	So you would expect people like, say, John	02:02:25
4		Grisham, to buy his own books to boost his sales?	02:02:29
5	A	Maybe he does. Maybe he does do some of	02:02:33
6		that.	02:02:35
7	Q	Let me show you what we're marking as	02:02:56
8		No. 22.	02:02:58
9		MR. LITTLE: 23, I believe.	02:03:03
10		MR. BURNS: 23. Excuse me.	02:03:06
11		(Exhibit 23 was marked for identification by	
12		the court reporter and is attached hereto.)	
13		BY MR. BURNS:	02:03:07
14	Q	This is an e-mail dated September 3rd, 2008,	02:03:13
15		from Jeff Richmond to David Zebny and Judy Millikin.	02:03:17
16		Who is Judy Millikin?	02:03:21
17	A	She was an investor in Z Restaurants.	02:03:24
18	Q	And Mr. Richmond is saying, "David, We would	02:03:34
19		like to get additional calls scheduled for you on DPP	02:03:38
20		as well as getting your company info posted to the	02:03:43
21		site. We need to receive your first 500 monthly	02:03:46
22		payment before we can do that, however. Please make	02:03:51
23		the check out to Live Out Loud and send to the	02:03:53
24		following address."	02:03:58
25		Did I read that correctly?	02:03:58

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